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United Nations Industrial Development Organization

Industrial Development Board

Eleventh session
Vienna, 28 June - 2 July 1993
Item 6 (g) of the provisional agenda

APPOINTMENT OF EXTERNAL AUDITOR

Candidatures for the appointment of an external auditor

Report by the Director-General

1. On the basis of recommendations by the Programme and Budget Committee and the Industrial Development Board, the General Conference by decision GC.1/Dec.34 appointed the Senior President of the Audit Office of Belgium as the External Auditor for UNIDO for a period of two years beginning on 1 July 1986 and subsequently (GC.2/Dec.28, GC.3/Dec.22 and GC.4/Dec.17) extended that appointment until 30 June 1994.

2. At its ninth session, in document PBC.9/12, the Programme and Budget Committee was informed that the Senior President of the Audit Office of Belgium would not be in a position to accept any further extension of the current appointment beyond 30 June 1994. The Committee was also informed that recommendations would have to be made to the General Conference for the appointment of an external auditor for a period of two years, beginning 1 July 1994, under the terms of reference specified in article XI (and annex) of the Financial Regulations of UNIDO. It was pointed out in that connection that the travel and other costs related to the work of the external auditor are to be borne by the UNIDO regular budget and that a provision of $294,300 (at 1993 rates) had been tentatively included for that purpose in the proposed regular budget for the biennium 1994-1995.

3. In its conclusion 93/8, the Programme and Budget Committee recommended to the Board to propose to the General Conference the appointment of an external auditor for UNIDO for a period of two years beginning on 1 July 1994, under the terms of reference specified in the Financial Regulations of UNIDO. It also invited all Member States interested in providing the services of an external auditor to inform the Director-General of such interest by 31 May 1993, so that he could bring it to the attention of the Board at its eleventh session.

4. As of 31 May 1993, the following candidatures had been received for the appointment of an external auditor:

Mr. C. G. SOMIAH
Comptroller and Auditor General of India

Mr. H. G. ZAVELBERG
President, Federal Court of Audit, Germany

The communications submitting the respective candidatures appear in the annex to the present report.

5. In the opinion of the Director-General, both the above candidates would be eminently well-qualified for the position of External Auditor of UNIDO.

ACTION REQUIRED BY THE BOARD

6. The Board may wish to recommend to the General Conference the appointment of one of the two candidatures as External Auditor for UNIDO for a period of two years beginning on 1 July 1994.

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Distr.: 23 June 1993

Annex

COMMUNICATIONS CONCERNING CANDIDATURES FOR THE APPOINTMENT OF AN EXTERNAL AUDITOR

A. Communication concerning the candidature of Mr. C. G. Somiah, Comptroller and Auditor General of India

No. VIEN/241/83/92

Permanent Mission of India
to the International
Organizations in Vienna

The Permanent Mission of India in Vienna presents its compliments to UNIDO and has the honour to refer to its note dated 26 April 1993 informing that the Government of India has nominated Mr. C. G. Somiah, Comptroller & Auditor General of India as its candidate for the post of External Auditor of UNIDO for the period 1994-96. In this connection the Permanent Mission of India has the honour to forward herewith a copy of a letter dated 14 May 1993 from the Comptroller & Auditor General of India formally confirming the candidature. The Curriculum Vitae of Mr. C. G. Somiah is also enclosed.

As mentioned earlier, the organisation of the Comptroller & Auditor General of India is well equipped, in terms of manpower and expertise to undertake this task, having over 10,000 well trained personnel, with over 130 years of experience covering a wide range of organizations including major public sector enterprises. The Office of the Comptroller & Auditor General of India also has a full fledged International Training Division for personnel of the Supreme Audit Institutions in developing countries, and over 770 personnel from 44 countries have benefited from these programmes.

From the above, it will be clear that the Comptroller & Auditor General of India is extremely well qualified to undertake the assignment as External Auditor of UNIDO, an assignment which has continuously been held by the developed countries since 1986. It would therefore be appropriate if the External Auditor of UNIDO were to be from a developing country, as UNIDO has its main objective, the promotion of industrial development in the developing countries.

The Permanent Mission of India has the honour to refer to the statement made by the delegation of India during the 9th Session of the Programme & Budget Committee as contained in document No. IDB.11/15 (page 8). The Permanent Mission of India would appreciate it if full details of the above candidature are circulated to the participating delegations at the 11th Session of the Industrial Development Board of UNIDO.

The Permanent Mission of India avails itself of this opportunity to renew to the United Nations Industrial Development Organization in Vienna the assurances of its highest consideration.

28 May 1993

[Stamp of the Permanent Mission of India]

United Nations Industrial Development Organization
UNIDO
VIC

Comptroller and Auditor General of India
10, Bahadur Shah Zafar Marg.
New Delhi 110002

14 May 1993

Excellency,

I have the honour to confirm that the Office of the Comptroller and Auditor General of India is interested in the assignment of the External Auditor of UNIDO for the 2 year period commencing from June 1994. The Government of India has already formally informed UNIDO and has made a statement to this effect at the recently concluded 9th Session of the Programme and Budget Committee of UNIDO. We understand that the matter will be further considered by the Industrial Development Board at its next session.

In seeking the assignment of the External Auditor of UNIDO I would like to assure you that my organization has the requisite technical expertise and capability to undertake this task to the full satisfaction of UNIDO and its Member States. Full details of the organizational structure, background and experience of the Comptroller and Auditor General of India are contained in Annexure I & II.* Annexure III contains a description of the background and experience of the personnel who would be assigned for the purpose of audit of UNIDO.

With a long experience of over 130 years and a large reservoir of highly trained personnel my organization is very well qualified to undertake the work of external audit of UNIDO. In the international field, we have provided training to over 775 officials from 44 countries and have played a very active role in international and regional associations of Supreme Audit Institutions and their activities. Starting from July 1993, we would also be carrying-out the audit of UN Headquarters in New York, as a member of the Board of Auditors of the UN. We have also provided audit services in the past to international organizations such as South Asian Association for Regional Cooperation and International Monetary Fund.

For the external audit of UNIDO we would assign a well-qualified and experienced team of 4-6 auditors who would function in close cooperation with the relevant branches of UNIDO. While undertaking the process of auditing, our team would also endeavour to find ways and means whereby UNIDO could not only save resources but utilize them most efficiently in order to best serve the interests of UNIDO and its Member States. We look forward to working together with UNIDO to the satisfaction of all concerned.

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* Note by the Secretariat of UNIDO: For technical reasons, annexures I and II have been combined.

With assurances of highest consideration and regards.

Yours sincerely,

(C. G. Somiah)
Comptroller & Auditor
General of India

Mr. M. de Maria y Campos
Director-General of UNIDO
UNIDO, VIC

Annexures I and II
(combined)

COMPTROLLER AND AUDITOR GENERAL OF INDIA

Position and Status

The Comptroller and Auditor General of India is the head of the Indian Audit and Accounts Department which has a history of over a century. He occupies a unique position as a common functionary for both the Union and the States in India. He is appointed by the President of India by warrant under his hand and seal. His oath of office requires him to uphold the constitution and the laws. His salary and conditions of his service are on par with those of a Judge of the Supreme Court of India. His independence is fully secured by constitutional provisions.

Role and functions

As the most important instrument of accountability, the Comptroller and Auditor General of India has a combination of accounting and auditing functions. He is responsible for the compilation of the accounts of the States and auditing the accounts of both the Union and the States as well as of a large number of bodies and authorities owned, controlled or financed by governments. He ensures uniformity of accounting and auditing standards for the Union and State governments. The accounts of the Union and of the States are kept in the form prescribed by the President on his advice. The detailed accounting rules are required to be made only after consultation with him. He has the sole discretion in determining the scope and extent of audit, and in reporting on the results of audit.

Evolution of Audit

After independence, there has been a tremendous spurt in economic development and social welfare activities with the attendant increase in expenditure - revenue and capital - and in receipts and borrowings to match the expenditure. The change in the character of government and the complex nature of its activities called for a change in the nature and scope of audit. Audit has evolved from mere accounting and regularity check to evaluation of the systems and the end results of the operations of government, testing their economy, efficiency and effectiveness.

Audit Jurisdiction

The organisations subject to the audit of the Comptroller and Auditor General of India are:

- All the Union and State government departments and offices including Indian overseas missions and other establishments.
- About 1300 public commercial enterprises controlled by the Union and State governments i.e. government companies and corporations.
- Around 300 non-commercial autonomous bodies and authorities owned or controlled by the Union or the States.
- Over 2300 authorities and bodies substantially financed from Union or State revenues.

Audit Reports

Apart from the certification of the Appropriation Accounts and Finance Accounts of the Union and of 25 States and submission of separate Audit Reports on about 260 Statutory Corporations and other autonomous bodies for which he is the sole auditor, the Comptroller and Auditor General brings out a large number of Reports relating to the Union Government and the State Governments. These Reports incorporate important audit findings and performance reviews of systems, projects and programmes and comprehensive appraisals of public enterprises and other bodies and authorities. In all about 100 Reports are laid before the Parliament and State Legislatures concerned, every year.

In addition, the Comptroller and Auditor General has the responsibility to audit and certify the accounts of projects funded by foreign governments and international agencies such as the U.K., Japan, Denmark, USAID, World Bank, Asian Development Bank, UN Fund for population activities, etc.

Organisation

The Comptroller and Auditor General of India discharges his multifarious duties through the Indian Audit and Accounts Department. The Department today has 104 specialised formations with a staff strength of about 60,000 spread over the length and breadth of the country as well as two overseas offices located in London and Washington.

Office of the Comptroller and
Auditor General of India

(Policy Decisions, Direction,
Monitoring and Control)

Audit Union Sector	Audit State Sector	Accounts States	Training
(35)	(34)	(26)	(9)

Personnel and Training

The basic level audit and accounts personnel are given rigorous induction training and equipped with the expertise for their work on passing a departmental examination. For their upgradation, the department also organises higher level professional training and qualifying examinations in various branches of accounts and audit. Further, 8 Regional Training Institutes located in various regions of the country conduct a large number of refresher and specialisation courses. Technical manuals and guides which are periodically updated, and Audit Bulletin and Journal of Management and Training which are brought out quarterly keep the personnel abreast of the latest developments in the field of finance, accounting and auditing.

For the effective management of the manpower and other resources of the department, and the accounting and auditing work, the department deploys officers belonging to one of the premier civil services in the country known as the Indian Audit and Accounts Service to which they are initially appointed either on direct recruitment through the Union Public Service Commission or on promotion from within the department. The officers directly recruited to the service are exposed to a foundational course at the National Academy of Administration, and imparted professional training - theoretical and practical - in the National Academy of Audit and Accounts as well as in the field formations of the department for a period of 2 years during which they qualify in two professional examinations conducted by the department. The officers promoted to the service also go through an intensive orientation course.

The officers are drawn from diverse academic and professional disciplines such as financial management, accountancy, costing, law, engineering, economics and so on. Quite a few of them have excellent exposure to information technology. The officers attend specially designed executive development and management development programmes at suitable intervals. They are deputed to a variety of studies and training relevant to the work in the department organised by other institutions within and outside the country. They are also placed on secondment to Union/State governments. The experience thus gained is of great help in the discharge of audit functions. Conferences and Workshops participated in by senior officers are held periodically to discuss the problems faced in the department and to find solutions to them.

International Training Centre

Audit standards, methodologies and practices in India have been well-evolved and have received world-wide recognition. In order to share the experiences with other sister institutions, the Comptroller and Auditor General of India has established an International Training Center in his office in New Delhi which organises a number of training programmes for the Supreme Audit Institutions of the African, Asian and Pacific regions on a variety of audit themes. So far (up to April 1993), 775 officials from 44 countries have participated in these programmes.

External Relations

In the field of government audit India occupies a pre-eminent position. The Comptroller and Auditors General of India has taken a leading part in the international and regional associations of Supreme Audit Institutions and their seminars and conferences. The VII Conference of Commonwealth Auditors General was hosted in New Delhi during 1969. The Comptroller and Auditor General of India being a charter member of the Asian Organisation of Supreme Audit Institutions (ASOSAI), its inaugural Assembly was organised in New Delhi during 1979 and he was its chairman for a three year term, 1979 to 1982. He continues to be on its Governing Board since its inception. The Asian Journal of Government Audit is being brought out from India. In the ASOSAI research projects on 'Accountability and Control of Public Enterprises' and 'Financial Accountability and Management in Government' India participated as part of the three-member research team. India would host the ASOSAI 6th Assembly and 5th International Seminar in 1994 whereafter the Comptroller and Auditor General of India would again be the Chairman of the ASOSAI for a three-year term.

Comptroller and Auditors General have also been active members of the International Organisation of Supreme Audit Institutions (INTOSAI). Significant contributions have been made to the INTOSAI Development Initiative (IDI). The IDI Training Managers Workshop and the IDI Audit Testing Workshop were successfully organised in New Delhi in 1988 and 1991 with organisational as well as faculty support. Lecturers have also been provided for the various UN/INTOSAI Seminars.

Recently, the Comptroller and Auditor General of India had the honour of contributing the theme paper on "Examining Public Enterprises: Changing Approaches and Techniques" for the XIV International Congress of Supreme Audit Institutions held in Washington DC during October 1992, and helped to structure the discussion in the Congress and shape the conclusions and recommendations to guide the audit in this sector. He has also the privilege of heading the newly constituted INTOSAI Standing Committee on EDP Audit. Austria, Barbados, Canada, Ecuador, France, Japan, Kiribati, Kuwait, Sweden, United Kingdom and Zimbabwe are represented in this Committee as members. Cuba and Russian Federation have also opted to join this Committee. The Committee will support the Supreme Audit Institutions in developing their knowledge and skills in the use and audit of information technology by providing facilities for exchange of experiences, and encouraging bilateral and regional cooperation. A three-day Technology Symposium, which was opened and conducted by the Comptroller and Auditor General of India in Washington DC provided the delegates with an opportunity to share experiences in integrating the technology into the audit environment and meet with experts in this field.

For the first time the candidature of the Comptroller and Auditor General of India for election to the UN Board of Auditors was announced by the Government of India in June, 1992 and on his election, he was appointed by the General Assembly as a member of the Board of Auditors for

a three-year term commencing from 1st July, 1993. The Board of Auditors is responsible for the audit of the UN and other organisations established by the General Assembly. Earlier, the audit of International Organisations such as International Monetary Fund, INTOSAI and South Asian Association for Regional Co-operation (SAARC) has been done by senior Audit Officials deputed by the Comptroller and Auditor General of India.

Annexure III

PROFILE OF INDIAN AUDIT AND ACCOUNTS SERVICE OFFICERS WHO WOULD BE ASSIGNED AUDIT OF UNIDO

The Indian Audit and Accounts Service is a premier financial Civil Service of the Government of India. Officers of this service will be deployed by SAI India for the audit of UNIDO. These officers would have undergone a two year intensive training course, covering the subjects detailed in the annexure. The standard of training is comparable with the training requirements of a Chartered/Public Accountant.

These officers would have at least ten years experience in planning and executing financial and performance audit in the following areas:

- Projects in the social and economic services sector;
- Commercial undertaking, including Industrial Development Corporations set up by state governments. These industrial corporations assist in promoting and accelerating industrial development in the states;
- Audit of grants, loans and advances;
- Public works and projects, including railway operations;
- Taxation Audit;

Additionally, these officers would be competent in the following areas:

- Use of personal computers and related softwares;
- Computer Assisted Audit Techniques like general and special purpose interrogation softwares;
- Statistical Sampling Techniques.

BIO DATA OF MR. C. G. SOMIAH, COMPTROLLER & AUDITOR GENERAL OF INDIA

Mr. C. G. Somiah (born 11.3.1931) took his B.Sc. (Hons) Chemistry from Loyola College, Madras University. After a brief stint as a faculty of the college, Shri Somiah joined the Indian Administrative Service in 1953 and was allotted to the Orissa State Cadre. He held various assignments under the State Government such as Commissioner, Commercial Taxes; Director of Industries; Additional Secretary, Finance; Secretary, Cooperation and Forestry; and Secretary, Home. In between these assignments, he also served under the Central Government in different capacities with emphasis on Finance.

Mr. Somiah became Secretary, Department of Company Affairs, Government of India in 1983. He moved over as Secretary, Planning Commission in which capacity he had the responsibility to advise the Central Government in the formulation of the country's Seventh Five Year Plan and also in deciding the allocation of financial resources for the various State Governments. Later Mr. Somiah became the Home Secretary, an important assignment. In October 1988, he was appointed as the Central Vigilance Commissioner, the country's highest authority to advise about action to be taken against civil servants guilty of corrupt practices. He was sworn in as Comptroller and Auditor General of India, which is a constitutional appointment, on 27.3.1990.

The General Assembly of the United Nations, at its 94th plenary meeting on 23rd December 1992, decided to appoint Shri C.G. Somiah as Member of the United Nations Board of Auditors for a 3 year term of office, commencing from 1 July 1993. Shri C.G. Somiah was selected as Chairman of the newly constituted International Organisation of Supreme Audit Institutions (INTOSAI) Standing Committee on EDP Audit in October 1992. This is a pioneering Committee.

Mr. Somiah is a keen sportsman and has won a number of trophies in tennis, badminton and bridge tournaments. He won the South India Junior Tennis Championship in 1948, All Orissa Tennis Championship in 1956, and All Orissa Badminton Championship in 1956.

Mr. Somiah has travelled abroad both officially and privately. He did his sabbatical at Oxford University in 1974-1975, having been awarded the Queen Elizabeth Fellowship.

B. Communication concerning the candidature of Mr. H. G. Zavelberg, President, Federal Court of Audit, Germany

Permanent Mission of the Federal Republic of Germany to the Office of the United Nations and to the other international organizations in Vienna

Verbal Note

The Permanent Mission of the Federal Republic of Germany to the Office of the United Nations and to the other International Organizations, Vienna, presents its compliments to the United Nations Industrial Development Organization and has the honour to communicate that the Government of the Federal Republic of Germany has nominated Dr. Heinz Günter ZAVELBERG, President of the Federal Court of Audit (FCA), as its candidate for the post of the External Auditor of UNIDO for the biennium 1994-1996. The matter will be considered at the eleventh session of the Industrial Development Board (IDB) of UNIDO, Vienna, commencing on 28 June 1993.

The President of the FCA served as one of the three members of the United Nations Board of Auditors from 1989 to 1992. Seventeen FCA auditors assisted him in performing the relevant duties. He presented his final report on the audit of the United Nations to the German Parliament on 30 December 1992. The audit mandate covered the examination of the annual accounts and financial management of the United Nations as well as a number of UN specialized agencies, e.g. the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the International Trade Centre (ITC), and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). The audit mission involved the collection of data at field offices and at UN development project locations all over the world.

The Curriculum Vitae of Dr. Zavelberg is attached hereto.* The FCA's formal offer of services, outlining its role as Germany's supreme audit institution, its broad range of national and international audit experience, its highly professional staff resources, and its proposed strategy for fulfilling the UNIDO audit mandate, will be submitted to UNIDO in early June.**

The Permanent Mission of the Federal Republic of Germany to the Office of the United Nations and to the other International Organizations, Vienna, avails itself of this opportunity to renew to the United Nations Industrial Development Organization the assurances of its highest consideration.

Vienna, 28 May 1993
Pz/ku

[Stamp]

To the
United Nations Industrial
Development Organization
UNIDO
Vienna International Centre
1400 Vienna

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* Appendix A to the present communication.

** Note by the UNIDO Secretariat: Subsequently received and attached as appendix B to the present communication.

Appendix A

CURRICULUM VITAE

Dr. Heinz Günter ZAVELBERG
President
Federal Court of Audit
Berliner Strasse 51
D-W 6000 Frankfurt am Main 1
Federal Republic of Germany

Born 16 October 1928 in Brühl (Rhineland)

1948-1956	Law studies, doctor's degree
1956-1962	Judge in the judicial district of the Higher Regional Court of Cologne
1962-1970	Federal Ministry of Finance Budgetary Division Head of the section for medium- and long-term financial planning and budgetary policy, leading role in elaborating and establishing principles for "medium-term financial policy", which has since then become an integral part of Federal financial policy
1970-1982	Financial Adviser to a big parliamentary party in the German Bundestag
1982-1983	Head of a directorate at the Federal Ministry of Finance (responsible for development aid and defence)
1983-1985	Vice-President of the German Federal Court of Audit
Since November 1985	President of the German Federal Court of Audit Further functions: - Federal Commissioner for Efficiency in Public Administration; - Chairman of the Federal Staff Committee; - Chairman of the Federal Debt Committee
1989-1992	Chairman of the International Organization of Supreme Audit Instititions (INTOSAI)
1989-1992	Member of the United Nations Board of Audit Member of the Board of the German section of the International Institute of Administrative Sciences

Appendix B

PURPOSE OF THIS PRESENTATION

To offer the Services of the Federal Court of Audit as External Auditor of UNIDO.

This paper is to show why the German Federal Court of Audit (FCA) considers itself a suitable candidate for the office of UNIDO's External Auditor. It outlines the FCA's role as Germany's Supreme Audit institution, its broad range of national and international audit experience, its highly professional staff resources, and our proposed strategy for fulfilling the UNIDO audit mandate.

AN FCA PROFILE

Historical background and current role of the FCA

Government audit in Germany can look back to a track record of nearly 280 years. When Prussian King Frederic William I established the Prussian General Chamber of Accounts in 1714, this was the starting point for the development of independent government auditing in Germany.

Today, the FCA has the status of a supreme federal authority, i.e., it is equal in rank to a Federal Government ministry. It is an independent institution of government audit, subject only to the law. It is not a part of the Federal Government and does not have to take any instructions from either the Executive Branch or the Legislature.

The FCA's staff totals almost 700. It is divided into nine divisions and 55 audit sections. Administrative functions are discharged by a Presidential Division. The FCA's auditors all have a university or other higher education degree. In some cases, the respective degrees have been awarded on the basis of training within the public administration. The professional qualifications found within the FCA's human resource pool range from public administration and law via various engineering specialities to economics, management and computer science. All auditors have a record of several years of practical working experience in at least one government department or agency. This highly proficient workforce provides the FCA with a sound basis for auditing international organizations.

National audit mandate

The FCA audits

- the financial management of the Federation,
- federal trading services,
- public bodies incorporated under federal law,
- social security institutions incorporated under federal law or state law, and
- the management of federal government shareholdings in private sector enterprises.

Reporting by the FCA

The FCA submits annual reports on its audit findings to both chambers of the federal legislature and to the Federal Government. In addition to annual reporting, the FCA may at any time report on matters of particular significance.

Advisory role

While the FCA conducts ex post audits addressing past decisions, it also uses the audit findings as a basis for advising the audited government departments and agencies, and also Parliament, on decisions to be taken, notably in connection with budgeting. This advisory function has become increasingly important over the last decade.

AUDIT CRITERIA APPLIED BY THE FCA

Performance audit

In Germany, the emphasis of government auditing has shifted over time. Formerly, the work of government auditors centred on ex post financial audit work. The additional audit criterion of performance was imposed by statute decades ago, so that performance audit is now predominant in the FCA's work.

Performance audit is supplemented by the audit of regularity and compliance, where government operations are checked against supporting documents, applicable statutory provisions, rules and regulations.

Timely audit

The FCA's timely audit approach seeks to develop audit findings helping to enhance future action rather than merely criticising past deficiencies. FCA auditors do not only look into the figures of an account or into individual revenue or expenditure items but also into the underlying operations and programmes. This operational audit of the Federal Government's overall financial management increases timeliness and topicality. It addresses entirely new audit subjects. It includes examinations into the structure, operations and human resources management of departments and agencies, effectiveness and efficiency audits, and risk analyses in respect of the assumptions underlying decisions. The FCA uses the audit findings generated as a basis for advising Parliament and the Government. In many reports, the FCA presents the lessons learned from earlier audit exercises in order to provide an insight into current issues and problems of financial management.

THE FCA'S TRACK RECORD AS EXTERNAL AUDITOR OF INTERNATIONAL ORGANIZATIONS

Vast experience gained in the audit of the United Nations

The President of the FCA served as one of the three members of the United Nations Board of Auditors from 1989 to 1992. Seventeen FCA auditors assisted him in performing the relevant duties. The audit mandate covered the examinations of the annual accounts and financial management of the United Nations and some United Nations organizations, e.g., the United Nations Development Programme (UNDP), the United Nations Fund for Population Activities (UNFPA), the International Trade Centre (ITC), and the United Nations Relief and Works Agency (UNRWA). The audit mission involved the collection of evidence at field offices and at United Nations development project locations all over the world.

The FCA President was asked to continue to serve on the United Nations Board of Auditors beyond 1992. However, the unification of Germany increased the FCA's workload, as new audit issues, e.g., privatization, arose, and as new staff from the former GDR had to be integrated into the FCA workforce. As a result, the FCA President was unable to continue the considerable task of auditing the United Nations. Nevertheless, he expressed his readiness to audit a United Nations specialized agency.

Other international audit missions

In recent years, the FCA has participated in the audit of the European Space Agency (ESA), the Western European Union (WEU), the European Organization for Nuclear Research (CERN), the European Centre for Medium-Term Weather Forecasting (ECMWF), the European Organization for the Exploitation of Meteorological Satellites (EUMETSAT), the Franco-German Research Centre St. Louis (ISL), the European Organization for the Safety of Air Navigation (EUROCONTROL), the European Patent Office, the Organization for Economic Cooperation and Development (OECD), and the Franco-German and Polish-German youth foundations. Moreover, FCA staff is seconded to the International Board of Auditors for NATO and to the European Communities Court of Auditors.

INTOSAI/EUROSAI

The FCA is a member of the International Organization of Supreme Audit Institutions (INTOSAI), to which the supreme audit institutions and most United Nations Member countries are affiliated. The FCA hosted INTOSAI's 13th World Congress held in Berlin in 1989, with participants from more than 130 nations and international organizations. The FCA President served as Chairman of INTOSAI's Governing Board from 1989 to 1992. In addition, the FCA is a member of INTOSAI's European regional working group, the European Organization of Supreme Audit Institutions (EUROSAI).

Developing countries

For many years, the FCA has participated in international training courses for auditors from developing countries. These seminars are organized by the Berlin-based German Foundation for International Development.

MEETING UNIDO'S AUDIT REQUIREMENTS

In its audit of UNIDO, the FCA will make available the experience and expertise gained through its national and international audit work.

The FCA's audit approach

The FCA will conduct the audit in accordance with best audit practice.

The FCA will plan, prepare, conduct and report on the audit exercises in compliance with internationally accepted standards. It will be guided in its audit work by a cooperative attitude towards UNIDO's management and internal auditors.

OUR AUDIT STRATEGY FOR UNIDO

Staff

The FCA will provide an internationally experienced team of six auditors mainly drawn from among FCA staff who participated in the United Nations audit. The team will be led by an Audit Manager chosen by the FCA President. The team will be able to work in German, English and French. Whenever necessary the audit team may draw on the vast specialist knowledge available within the FCA in fields such as personnel management, EDP and cost benefit analysis.

Financial audit

Similar to the practice followed during our participation in the audit of the United Nations, financial audits will be performed with the assistance of private-sector auditing firms, where appropriate. The audit will be conducted in compliance with UNIDO's Financial Regulations.

Performance audit

The first step in conducting a performance audit is to gain an idea of the audit subject. As a result of discussions with responsible officials and the collection of audit evidence on the premises of functional and programme management units, additional audit subjects may emerge. On completion of this stage, we will draw up a precise audit programme for all performance audits to be carried out during the total audit period, including a precise timetable and an assessment of the materiality and audit risk.

Internal audit

We will examine the work and audit aproach of UNIDO's internal audit unit, and, to the extent possible, will use the information provided by it as a basis for our audit work. Where possible and appropriate, we might consider the participation of UNIDO internal auditors in our work.

Audit standards

We will carry out the audit of UNIDO in accordance with internationally accepted audit standards, especially those of the Panel of External Auditors of the United Nations.

Reporting

Any findings of special significance generated in the course of our financial and performance audits will be reported to the Board. Additionally, we will inform the management of any relevant details that come to our attention, this providing advice on how to improve UNIDO's day-to-day work.